

Realty Trust Review

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RELATIVE APPEAL RANKINGS AND PORTFOLIO ADVISORY ISSUE

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PORTFOLIO ADVISORY: YEAR-END A TIME FOR POSITIONING YOUR HOLDINGS FOR THE FUTURE

Approach of a new year is once again an excellent time for investors to examine their holdings and make appropriate changes to position their issues for the approaching year. The rule applies to REITs as well as other securities, except that you must not get impatient with your good REIT holdings. REIT securities generally move in much longer swings than industrials and thus you may get very little guidance from views about the future course of the Dow-Jones Industrials or any other market index.

Here's a fast check-list of how we view the decisive items affecting viable REITs:

--Retailing climate has been improving in recent weeks after some summer softness. This indicates some vacant space may be leased near-term. But shopping center and other commercial space is at or near saturation in many areas, so new construction and expansion may bring slower growth to many entities operating in many areas.

--General economic activity is on a slow upbeat and this in time should stimulate demand for office and industrial space, especially in the sunbelt states like Florida and Georgia which are now overbuilt.

--Political climate under the incoming Carter Administration figures to be stimulative, possibly favoring an income tax cut to boost overall demand. But Washington options are limited by possibility that inflation may be rekindled.

--New residential activity, especially apartment building, may be pushed through expansion of some subsidy plans, provided Congress votes the funds. A burst of new apartment building with low-rate mortgages would be bearish for ability of present apartment owners--including many REITs--to boost rents and thus make projects economically viable enough to be sold and/or mortgaged to third-party lenders.

In that environment we would hew strongly to portfolio quality in REITs, paying even a modest premium for the very strongest REITs. Our RELATIVE APPEAL RANKINGS are

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KENNETH D. CAMPBELL, EDITOR AND PUBLISHER, BERNARD SOLAS, C.F.A., DIRECTOR OF RESEARCH/ AUDIT INVESTMENT RESEARCH, INC., 230 PARK AVENUE, NEW YORK 10017

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designed to gauge portfolio and managerial quality through the 1974-75 real estate recession, and should be followed. At the other end of the spectrum, we'd be very coldhearted about the deeply troubled trusts and would switch out of them unless you have compelling reasons to stay. Lending banks to these troubled trusts are becoming tougher than nails and some of these troubled trusts could wind up in bankruptcy proceedings as a result of confrontations with their banks. Swaps of trust assets with banks in exchange for cancellation of debt were initially viewed as a way these trusts might be able to recover some of their loss reserves and thus rebuild book value. But all gains on swaps to date have been swallowed by new and larger additions to the reserves and operating losses. All this means to us that hopes for asset plays or recoveries among the deeply troubled trusts aren't justified in most instances. In general those trusts ranked "5#" denoting serious problems are candidates for elimination from your portfolio, and even many of the No. 5s fall in that category as well, again depending upon your confidence in recovery. We list below our portfolio suggestions in four categories--basic income holdings with low risk, more speculative income, trusts which could be bought out by either their sponsors or outside tenderers, and bonds where a tender offer may be made to resolve troublesome problems. Also listed are troubled trusts which are sale candidates:

<u>Basic income</u>	<u>Speculative income</u>	<u>Buyout candidates</u>	<u>Bond cleanups</u>
BankAm.Rl.6.75s-73	BankAm. Rl.--7½	C.I.Rlty.--3-3/8	BT Mtg.5-3/4s--48
Cont.Ill.Pr.-14-3/4	Lomas&Net.MI--13-3/4	Flatley Rl.-1-3/4	ChaseTr.7½s--53-3/4
ConnGen Mtg.--17¼	Natwide RE--6¼	Franklin Rl.--3-3/8	ChaseTr.6½s--42
Gen.Growth--19-7/8	PNB Mtg.&Rl.--6-7/8	Investors Rl.--3-1/8	Cit.&So.Rl.6-3/4s-37
Hotel Inv.--12-3/4	United Rl.--6-7/8	Miller(Hen.)--6½	Cont.Ill.Rl.7-5/8s-71
Hotel 7-3/4s--70	WellsFargo MI--7-3/4	Mtg.Tr.Amer.--2-7/8	Guard.Mtg.7½s--37-1/8
Penn. REIT--11-3/4		SanFran. RE--8-7/8	HNC Mtg.6-3/4s--43
Wash. REIT--21¼		Saul(B.F.)--3	TriSouthMI7s--30¼
		Summit Prop.--2	TriSouthMI 7-3/4s--42
		Sutro Mtg.--6¼	

Sale candidates are trusts ranked "5#" denoting serious problems, as follows:

Alison Mtg.	vj Continental Mtg.	First Mtg. Inv.	LMI Investors
Amer. Realty	Diversified Mtg.	First Vir. Mtg.	vj National Mtg.
Barnett Mtg.	Dominion Mtg.	First Wis. Mtg.	TMC Mtg.
Builders Inv.	vj Fidelity Mtg.	Great Amer. Mgmt.	TIERCO

vj-In bankruptcy reorganization.

FOLLOW-UPS: THE JOB INDENTURE TRUSTEES ARE DOING; CASH TENDER OFFERS

Several subscribers have challenged our Oct. 8 comment that "We think most REIT subordinated debt holders have been poorly represented by their indenture trustees." They point out that indenture trustees have very limited powers and generally cannot act until default occurs in provisions of the indenture under which bonds are issued. Some believe the best course is to do nothing in many instances and hope the banks and REITs can work out a plan for survival. Almost uniformly they believe that the high costs of administering a bankruptcy action make this course unfeasible. Even the convening of a debtholders committee to discuss the situation facing some troubled REITs is generally rejected. Reason: Formation of such a committee might cause lending banks to call their loans and thus expose the trustee to liability for toppling a trust.

Cash tender offers: NJB Prime Investors will fund its long-standing tender offer for two debenture issues Nov. 15, and close \$22.2 million swaps with its banks at the same time. NJB has extended its offer to pay \$22 cash per \$100 principal amount of its 7% subordinated debentures and 6-3/4% convertible subordinated debentures to Nov. 15, when payment will be made for all tendered debentures. The offer began last April. About \$8.7 million of \$15.9 million outstanding, or 54%, has been tendered at latest report. The trust does not believe its banks will provide funds for any future interest payments on non-tendered debentures.

Alison Mtg. Inv. Trust extended its tender for a minimum \$16,667,000 of its 8-3/4% senior subordinated notes to Nov. 12. A total \$12,845,000, or 77% of the amount needed, has been tendered. Alison will pay \$30 cash per \$100 principal.

RELATIVE APPEAL RANKINGS AND LATEST RESULTS

Relative Appeal (RA) Rankings, shown in the extreme left column, give Audit Investment Research's current view of attractiveness of current share purchases. Dividend paying trusts are ranked from 1 to 4 based upon capital preservation and income outlook. Non-dividend paying trusts are ranked No. 5 with gradations shown below. Each trust comment contains brief advice on suitability of both shares and bonds. Average market risk is assumed for all share purchases. Changes in rankings are indicated by ↑ UP ↓ DOWN. Relative Appeal Rankings for DIVIDEND PAYING trusts mean:

- 1--Highest appeal with lowest market risk, dividend outlook stable to up.
- 2--Above average appeal, somewhat higher market risk, some quarterly dividend variations.
- 3--Average appeal and market risk, larger dividend fluctuations or resummptions possible.
- 4--Below average appeal, high market risk, large dividend cuts or omissions possible.

NON-DIVIDEND paying trusts are ranked No. 5, are not recommended for income investors, but may have special appeal as speculations upon dividend resumption, trust recovery, or price changes based on money market rates. Gradations are:
 * Speculative potential: Book value believed reasonably sound; possible dividend resumptions; possible buyout offers.
 # Serious problems: SEC trading halt; no auditor's opinion; debt defaults; Chapter XI; SEC probe; banks calling loans.
Portfolio shows: invested assets in millions of dollars (M); % of problem, non-earning assets; & property type mix.
Financing shows: leverage ratio of all debt to shareholder equity; current financing arrangements.
Results compare latest quarter earnings and dividends with previous quarter. Share amounts are shown unless indicated as million dollars (M). EPS=earnings per share; CFS=net cash flow per share. All data, rankings and advice revised monthly.

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- #5-ALISON MTG (2/13/6-Inter. mtg.-Oct FY) VOTING NON-REIT PWR. Port.: \$230M, 79% nonearning; Mix: 33% condos, 16% apts., 15% land. Financing: \$30M Neg. equity; \$172M credit at 1% minimum inter., to 10/77 initially, with contingent interest and asset pledge; Tendering for 8-3/4% sr. subor. debentures at 30. Results: July Q d\$1.74 v. d\$4.79. Bonds: Tender in most cases. Shares: Avoid
- 5-AMER CENTURY (4/15/4-ST mtg.-June FY) Port.: \$141M, 74% nonearning; 46% foreclosed; Mix: 27% condos, 19% land, 37% office & hotel, 10% apts. Financing: 6.8 leverage; \$98M credit at 5% minimum interest, ending 10/1/78, + contingent int. for 10 yrs.; Swapping \$8M loans. Results: June Q d71¢ after 35¢ loss prov., v. d67¢ after 42¢ prov. Bonds: OK for yield. Shares: Trading
- 5-AMER FLETCHER (4/15/4-ST mtg.-Jan FY) CAN END REIT. Port.: \$89M, 93% nonearning & reduced rate; 61% foreclosed; Mix: 33% condos, 31% land & devel., 14% apts. Financing: 9.2 leverage; \$60M credit to 4/30/77 at 2% inter. with contingent interest; repaid \$3M. Results: July Q EPS d\$1.02 after 9¢ loss prov. v. d87¢. Shares: Trading
- #5-AMER REALTY (8/12/4-Eq&Mtg-Sep FY) Port.: \$42M, 33% nonearning; Mix: 32% mortgages, 68% equity mainly hotels/motels Washington, D.C. area. Financing: 4.5 leverage; \$16.3M demand notes secured by asset pledge; SEC probe and suit; no auditor's opinion. Results: June Q EPS d76¢ after 20¢ gain & 88¢ loss prov. v. d50¢. Bonds & shares: Avoid
- 4-API TRUST (No review-Equity-Mar FY) Port.: \$53M, 6% nonearning; 70% in 26 shopping centers, most net leased, & 23% in mtgs. Financing: 3.4 leverage; 50% by mortgages on property, 50% by short-term loans. Results: June Q EPS 49¢ after 21¢ capital gain, v. d44¢; Operating CFS 64¢; June div. 10¢ unch. Shares: Lee Nat'l may offer preferred for shares
- 5-ATICO MTG. (11/11/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$165M, 83% nonearning, 34% foreclosed; Mix: 47% condos, 28% land & devel., 15% apts. Financing: 5.8 leverage; \$101M credit at 1½% cash inter. to 3/77 + 4-yr. contingent inter.; \$86M assets up for swaps. Results: July Q d82¢ before 95¢ credit gain v. d83¢. Bonds: Risky. Shares: Trading, play on Florida condo recovery
- 5-ATLANTA NATL (4/15/4-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$36M, 73% nonearning; Mix: 25% medical, 24% condo, 23% apts. Financing: 1.1 leverage; \$15.6M credit at 132¢ of prime, assets pledged; Missed Aug. interest; Must liquidate to repay debt by Jan.'78. Results: Aug. Q EPS d43¢ v. d50¢ after loss prov. Shares: Unattractive near-term because of liquidation
- 4-BAIRD & WARNER (11/14/5-ST mtg.-July FY) Port.: \$39M, 37% nonearning; 35% industrial, 20% condos, 15% shop. ctrs. Financing: 0.9 leverage; Bank lines cut \$15M to \$32M (\$14M borrowed). Dividends: Four 24¢ qtrly. from FY'76 income v. 30¢; FY'77 div. after end of year. Results: July Q EPS d34¢ v. 7¢; July FY d10¢ EPS. Converts: May have risk. Shares: Avoid for now
- 4-BANKAMERICA RLTY (1/16/6-Eq.&Mtg.-July FY) Port.: \$252M, 28% nonearning; Mix: 54% mtgs., 46% equity; 27% apts., 20% shop. ctrs., 20% office, 14% hotel. Financing: 3.7 leverage; \$82M comm. paper, \$33M bank notes, \$30M secured mtgs. Results: July Q EPS 3¢ after 56¢ gain & 59¢ loss prov. v. 10¢; Oct. Q over 6¢; Div. 5¢. Buying 25T shs. Converts: For yield. Shares: Buy for recovery
- 5-BARNES MTG (12/9/4-ST mtg.-Sep FY) Port.: \$103M, 61% nonearning; Mix: 47% condo, 24% land; 28% Puerto Rico, 36% Florida. Financing: 2.7 leverage; \$79M bank lines at 125% of prime, expired 7/30/76; Negotiating new credit. Results: June Q EPS d60¢ after 28¢ loss prov. v. d18¢. Shares: Trading or very long-term recovery
- #5-BARNETT MTG (3/12/6-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$164M, 93% nonearning; Mix: 38% condos, 18% apts., 18% land. Financing: \$8.3M neg. equity; \$88.2M credit at 1½% + contingent inter.; Swapped \$66M more assets (total \$182M) but debt reduction goals in default; Sept. 1 subor. debt inter. not paid. Results: Sep. Q EPS d\$2.93 after 63¢ swap gain v. \$1.82 after \$6.00 gain on swaps. Bonds: Avoid. Shares: Avoid
- 5-BARNETT-WINSTON (8/12/4-Inter. mtg.-Sep FY) NON-QUAL REIT. Port.: \$109M, 87% nonearning, 60% foreclosed; Mix: 38% apts., 29% land & devel., 16% condos. Financing: High leverage; \$31M credit to 6/77; interest cut to prime + 8-yr. contingent; Will swap 8½% subor. debts. for property. Results: June Q EPS d73¢ after 34¢ swap gain & 54¢ loss prov. v. d\$4.91. Bonds: For swaps. Shares: Avoid
- 5-BENEF STD MTG (12/9/4-ST mtg.-July FY) CAN END REIT STATUS. Port.: \$80M, 71% nonearning; Mix: 29% land & devel., 21% condos, 12% apts. Financing: 12.9 leverage; \$46M revolver at 125% of prime, no compensating balances; no contingent interest. Results: July Q EPS d\$1.53 v. d\$1.18 after \$1 loss prov. Converts: Speculative yield. Shares: Trading
- 5-BRT REALTY TR (12/10/3-Eq&Mtg-Nov FY) Port.: \$23M, 81% nonearning; Mix: 28% hotel/motel, 25% condos, 22% land & devel. Financing: 1.8 leverage; \$16.2M revolver at 125% of prime due 9/15/76. Results: May Q EPS d35¢ v. d21¢. Shares: Long recovery
- 5-BT MTG INVESTORS (2/13/6-ST mtg.-Sep FY) CAN END REIT STATUS. Port.: \$155M, 56% nonearning, 23% foreclosed; Mix: 34% apts., 15% land, 10% nursing homes. Financing: High leverage; \$114M credit at 4% minimum, to 9/77, with contingent int.; Sponsor Bankers Trust N.Y. lends 55% of credit. Results: June Q EPS d51¢ after 48¢ loss prov. v. d46¢. Bonds: Speculative yield. Shares: Trading
- #5-BUILDERS INV (6/10/4-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$391M, 92% nonearning; 44% condos & 1-family, 23% land & devel., 10% suspended projects. Financing: Negative equity; \$373M debt restructured at 1% inter. to 9/77, higher after, with asset pledge & contingent inter. Results: June Q EPS d9¢ after \$2.04 swap gain & \$1.69 loss prov. v. 52¢. Shares: Avoid
- 5-CABOT C&F LAND (4/9/6-Subor. land-May FY) Self-admin. Port.: \$250M, 66% non- & 6% low earning; 27% undevel. land, 63% completed props.; 16% office, 31% apts. Financing: 9.6 leverage; Near agree for 5% inter. on \$138M bank debt + cont. int. if earned @ ½% over prime; Subor. interest paid. Results: Aug. Q 23¢ after 27¢ gain v. d1.15. Bonds & shares: Avoid till credit set
- 5-CAMERON-BROWN (10/14/4-ST mtg.-Dec yr) NON-QUAL REIT. Port.: \$147M, 63% nonearn, 12% low-earn; 35½% apts., 27% land & devel., 18% condos. Financing: 5.0 leverage; \$106.1M credit (at 3% min. int.) expired 4/1/76 & extension and default waivers sought. Results: June Q EPS d75¢ v. d65¢. Shares: Trading buy if credit signed

RELATIVE APPEAL RANKING - continued from page 3

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 5-CAPITAL MTG(6/10/4-ST mtg.-Dec. FY) NON-REIT PWR. Port.: \$132M, 72% nonearn, 43% foreclosed; Mix: 30% land, 28% condos; 55% Md. & Vir. Financing: High leverage; \$80M credit at 2% min. inter. retroactive to 2/1/76 signed, ending 3/77, with contingent inter. to 1983. Results: Sep. Q EPS d33c v. 43c after \$1.68 swap gain & 85c loss prov. Shares: Trading only
- 5-CENTRAL MTG (12/9/4-ST mtg.-Mar FY) Port.: \$35M, 60% nonearn, 20% low-earn; 29% land acqui., 26% apts., 20% comcl. & indust. Financing: 2.1 leverage; \$28M credit with banks, at 117% of prime rate. Results: June Q EPS d36c after 28c loss prov. v. d\$1.52 after \$1.53 loss prov. Shares: Hold for long-term recovery
- 5-CHASE MANHATTAN MTG(3/12/6-ST mtg.-May FY) NON-REIT PWR. Port.: \$735M, 75% nonearn, 15% foreclosed; Mix: 21% land & devel.; 19% condos, 20% office, 16% shop. ctrs. Financing: \$65M Negative equity; \$761M credit at 2% inter., with contingent inter. to 1983-87; Ends 12/31/76 but extended if prin. repayments made; \$99M swaps. Results: Aug. Q EPS 85c after 86c gain v. d74c after \$3.77 loss prov. & \$3.14 gain. Bonds: Cash tender for 7-7/8% sr. notes possible, swap on others. Shares: Trading
- #5-CI MTG GROUP (6/10/4-ST mtg.-Oct FY) NON-QUAL REIT. Port.: \$339M, 90% nonearn., 34% foreclosed; Mix: 43% apts., 15% office, 12% condos. Financing: High leverage; Signed \$284.5M five year credit at 2% cash interest (but accrued at 3%), increasing to 6% at maturity 6/30/80; contingent inter. to 1985; all assets pledged; \$43M swap bids received. Results: July Q EPS d92c after 73c loss prov. v. d14c; SEC probe continues. Shares: Trading only
- *#5-CI REALTY INV (10/8/6-Equity-Feb FY) NON-REIT POWER. Port.: \$172M, 12% nonearn, 5% foreclosed; Mix: 90% ownership, 5% mtgs.: 66% apts., 29% office. Financing: 2.9 leverage; \$125M debt is \$98M mtgs. on property, \$28M bank credit to 12/31/76 at 130% of prime. Selling apts. to repay banks. Results: Aug. Q EPS d7c v. d3c; Aug Q CFS 10c v. 10c; SEC probe cont. Shares: Long term recovery; buyout
- 5-CITINATIONAL DEV (No review-ST mtg.-Mar FY) Port.: \$15M, 82% nonearning; Mix: 30% office, 28% 1-family. Financing: \$4.5M (\$2.1M 6/76) notes at prime to 9/30/76 when back inter. due. Results: June Q EPS 5c v. 2c with no loss prov. Shares: Limited interest
- 5-CITIZENS & SO RLTY(3/12/6-ST mtg.-Sep FY) NON-QUAL REIT. Port.: \$520M, 66% nonearn; Mix: 22% condos, 23% land, 20% apts.; 44% Ga., 23% Fla. Financing: High leverage; \$359M credit at 1% cash inter. to 9/78, + contingent inter. to 1985. Results: June Q EPS d\$1.04 after 65c loss prov. v. d\$1.03; \$250M asset swap. Bonds: Buyout speculation. Shares: Avoid or trade
- 5-CITIZENS GROWTH (8/12/4-Equity-Jan FY) Port.: \$40M, 22% nonearn; Mix: 24% office, 23% motels, 21% improved land. Financing: 3.2 leverage; \$11M credit at 6% to 6/30/76, with contingent inter. & assets pledged. Results: Apr. Q EPS d78c after 31c loss prov. v. d\$3.80 after \$2.94 loss prov. Shares: Avoid for now
- ↓ #5-CITIZENS MIT (2/13/6-ST mtg-Dec FY) NON-QUAL REIT. Port.: \$85M, 80% nonearn; 61% foreclosed; Mix: 26% land & devel., 23% condos, 20% apts. ctrs. Financing: \$13M neg. equity; \$60M term loan expired 10/5, 2% inter., plus contingent inter.; Swapping assets. Subor. notes int. missed. Results: June Q EPS d87c after \$1.06 loss prov. v. d60c. Bonds: Swapout speculation. Shares: Avoid
- 5-CLEVETRUST RLTY (8/12/4-LT mtg.-Sep FY) NON-QUAL REIT. Port.: \$124M, 64% nonearn; Mix: 33% apts., 21% comcl., 17% land, 17% office. Financing: 2.9 leverage; \$63.8M two-yr credit at prime but not over 7%; contingent inter. for 4-6 yrs. Results: June Q EPS d14c v. d18c. Shares: Hold for long-term recovery
- 5-COLWELL MTG(2/13/6-ST mtg.-Dec FY) VOTED NON-REIT. Port.: \$187M, 37% nonearn, 12% low, 35% foreclosed; 41% apts., 13% hotel/motel, 11% shop. ctrs. Financing: High leverage; \$120M credit at 2% cash inter. + cash flow + contingent inter; pledging assets. Results: June 6 mon. d52c restated. Bonds: Avoid; paying 9/1 inter. on 8.2s'80 & 6s'91 11/15/76. Shares: Avoid
- 1-CONN GEN M&R(7/9/6-LT mtg.-Mar FY) Port.: \$368M, 8% nonearn, 4% low, 9% foreclosed; 34% regional shop. ctrs., 30% apts., 15% indust., 10% office. Financing: 2.4 leverage; \$268M debt is 31% comm. paper, 4% ST bank loans, 28% LT loans, 8% mtgs., 29% converts. Results: Sep. Q EPS 29c v. 32c after 18c loss prov.; June CFS 39c v. 45c; Div 40c unch.; Sponsor may buy shares. Shares: Buy long term
- 3-CONSOL CAP RL (5/14/6-Equity-Nov FY) Port.: \$127M, 0 nonearning; 70% apts. with 6,253 units, 15% shop. ctrs., 15% GNMA's. Financing: All mortgages secured by property. Results: May Q CFS 47c v. 41c; Aug. EPS 21c v. 12c; Div. Nov. monthly 16.84c unchanged & about 78% taxfree capital return due low mtg. amortization. Shares: Speculative income, over book
- 2-CONT ILL PROP (1/16/6-Equity-Oct FY) Port.: \$200M, 5% nonearning; Mix: 69% apts. with 5,800 units, 29% in 5 shop. ctrs. Financing: 1.0 leverage; \$39M bank lines and \$54M mortgages on property. Results: July Q EPS \$1.46 incl. 6c gain on currency rates & \$1.33 loss. prov. recovery v. 35c incl. 20c gain; CFS 35c before gain v. 34c; Div 32c unch. Shares: Buy long term
- 5-CONT ILL RLTY (2/13/6-ST mtg.-Mar FY) CAN END REIT Port.: \$290M, 71% nonearn; Mix: 28% condos, 22% apts., 18% land & devel. Financing: High leverage; \$222M at 4% minimum inter. plus contingent inter., maturing 6/1/77. Results: Sep. Q EPS d42c after 32c loss prov. v. d7c. Bonds: Buyout/swapout speculation. Shares: Trading or very long-term recovery
- #5-CONTINENTAL MTG(11/11/4-ST mtg.-Mar FY) NON-QUAL REIT. Port.: \$613M, 91% problem; 28% condos, 25% recreation, 16% land. Financing: \$90M neg. equity; Filed Ch. XI 3/8/76 & liquidation ordered but stayed by Chapter X filing October 22. Results: June Q EPS d1c v. d\$4.48 after \$3.82 loss prov. Bonds & shares: Avoid
- 5-COUSINS MTG&EQ (3/12/6-LT mtg.-Aug FY) NON-QUAL REIT. Port.: \$294M, 69% nonearn; Mix: 35% apts., 24% land/devel., 16% hotel/motel. Financing: 14.0 leverage; \$205M credit at 4% inter., plus contingent inter. thru 1986; Credit matures 12/31/76; Swapping assets; Results: Aug. Q EPS d\$2.80 after \$1.39 gain v. 53c after 67c loss prov. & \$1.13 gain; Aug. FY EPS d\$3.41. Bonds & shares: Trading
- 3-DENVER REIA(1/13/5-Equity-Dec FY) Port.: \$45M, 0 nonearning; Mix, by revenues: 31% apts., 22% shop. ctrs., 22% motel, 21% off. & comm., 4% mtgs.; all Col. except one Texas apt. Financing: 3.6 leverage; \$28M property mortgages, \$5M debentures. Results: Sep. Q EPS 7c v. 12c; CFS 20c v. 19c, low mtg. amortization; div. 15c unch. Shares: Hold for income
- #5-DIVERSIFD MI(8/12/4-Inter. mtg.-Dec FY) NON-QUAL REIT, Self-adm. Port.: \$369M, 52% nonearn, 24% foreclosed; Mix: 45% secondary homesites, 17% primary homesites, 18% raw land, 27% prop. Financing: 3.8 leverage; \$230M loan agree. at 7% plus contingent interest to 130% prime. Results: Sep. Q EPS d\$1.31 after 19c swap gain v. d\$1.09 aft 14c. Shares: Avoid
- #5-DOMINION M&R(No review-ST mtg.-May FY) NON-QUAL REIT. Port.: \$44M, 94% nonearn, 69% foreclosed; Mix: 45% condos (mostly Fla.), 17% motels, 14% apts., 8% shop. ctrs., 16% other. Financing: High leverage, \$20M bank notes called Mar. 19; 3 banks sued 6/76; May deben. int. not paid. Results: Feb. Q EPS d\$2.12 v. d97c. Bonds & shares: Avoid
- 2-EQUIT LF MTG(7/9/6-LT mtg.-Oct. FY) Port.: \$394M, 9% nonearning; Mix: 29% shop. ctrs., 20% tracts and land, 10% office, 10% apts., 8% condos, 6% hotels, 17% other. Financing: 2.0 leverage; \$260M debt is 60% comm. paper, 24% notes, 12% master notes, 3% conv. Results: July Q EPS 51c v. 52c; Oct. Div. 50c unch. Shares & bonds: Buy long term
- 2-FEDERAL RLTY(4/9/6-Equity-Dec. FY) Self-administered. Port.: \$23M, No nonearning; Cash flow 39% apartments, 61% shopping centers; Wash., D.C. area. Financing: 1.1 leverage; \$13.5M debt, all secured mtgs.; Sold 340T shares at 12c June 16. Results: June Q EPS 26c, down 26% from '75; Sep. Div. 31c unch. Wts: Sell/exercise Shares: Hold, near-term dilution
- 5-FIDELCO GROW(5/9/5-LT mtg.-Nov. FY) CAN END REIT. Port.: \$131M, 68% nonearning; Mix: 22% land (developed & raw), 31% condos, 14% apts., 13% hotels; 32% Penn., 22% Fla.; Financing: 3.7 leverage, \$99M debt renegotiation hinges on major swap. Results: Aug. Q EPS d\$2.09 v. d\$1.42 after 60c loss prov. Shares: Avoid

RELATIVE APPEAL RANKING - continued from page 4

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- #5-FIDELITY MI (No review-ST mtg.-Oct. FY) NON-QUAL REIT; Self-adm.; Chap. XI Jan. 1975. Port: \$217M, 93% nonearn, 45% foreclosed. Mix: 36% commercial, 33% residential, 32% land. Financing: Negative equity; \$133M ST bank debt, \$26M senior bank debt, \$18M subord. Results: July Q EPS 8¢ v. d\$1.30. Shares: Avoid
- 5-FIRST COMMERCE (12/9/4-ST mtg. Dec. FY) CAN END REIT. Port: \$40M, 79% nonearn; 57% foreclosed; Mix: 34% land, 31% condos & singles; 60% La., 40% other South. Financing: 1.2 leverage; \$29M credit at 117% prime plus ½% of unused. Results: June Q EPS d\$2.56 after \$2.28 loss prov. v. d33¢; Sponsor bought \$14M loans; Shares: Avoid till progress shown
- 4-FIRST CONTNL (8/8/5-ST mtg. Feb FY) Port: \$46M, 10% nonearn, 7% foreclosed; Mix: 49% constr. loans, 42% development, 8% land; 90% Tex. Financing: 1.4 leverage; \$32M credit @ ½% over prime, 10% + 10%; must pledge assets equal to debt if demanded. Results: Aug. Q EPS 20¢ v. 19¢; div 20¢ v. 18¢; Making new commitments. Shares: Speculative income
- 5-FIRST DENVR MI (10/14/4-ST mtg. Sep FY) NON-QUAL REIT. Port: \$127M, 83% nonearning; Mix: 22% land, 18% condos-recreation, 16% condos-urban, 11% motels. Financing: \$6M negative equity; Seeks extension of \$10M credit retroactively, to 2% inter. + contingent inter. Results: June Q EPS d\$6.18 after \$4.81 loss prov. v. d\$1.25; Delisted. Shares: Avoid
- 5-FIRST FIDELITY (No review-Equity-Nov FY) Port: \$40M, 38% nonearning; Mix: 60% shop. ctrs., 25% office; Financing: 3.1 leverage; \$29M secured mtgs. Results: 6 mon. May EPS d20¢; Div. 7¢ special. Shares: Avoid for now or buyout speculation
- 5-FIRST MEMPHIS (9/9/4-LT mtg. Nov FY) NON-QUAL REIT. Port: \$76M, 49% nonearning; Mix: 10% land, 16% condos & singles, 17% offices, 10% industrial, 13% hotels, 27% apts. Financing: 7.7 leverage, Credit \$49M at 125% of prime; Renegotiating, loan swap planned; Results: Aug. Q EPS d49¢ v. d36¢ after 36¢ loss prov. Shares: Avoid till workout progresses
- #5-FIRST MTG IN (6/10/4-ST mtg. Jan FY) NON-QUAL REIT. Port: \$567M, 79% nonearn; 46% foreclosed; Mix: 32% hotel/motel, 23% apts., 17% land, 15% condos; Financing: \$58M Neg. equity after pfd. at par; Debt restructured to 2/77, \$386M credit at 1% up to Fed. Res. discount rate if earned; Results: July Q EPS d83¢ after 32¢ gain & 99¢ loss prov. v. d40¢ aft 52¢ gain & 67¢ LRP. Bonds: For asset swaps. Shares: Avoid
- 5-FIRST PENN MT (10/14/4-ST mtg. Jul FY) NON-QUAL REIT. Port: \$189M, 78% nonearn, 46% foreclosed; Mix: 29% condos, 31% comcl. & indust., 14% singles, 18% land; 24% Fla. Financing: 5.2 leverage, \$118M credit at 4% min. cash + accrual to prime + conting. to 130% prime. Results: July Q d\$2.29 after \$1.57 loss prov. v. d82¢. Converts: Speculative yield. Shares: Trading
- 2-FIRST UNION (4/9/6-Equity Oct FY) Port: \$160M, 6% low earning; Mix: 70% major office, 25% shop. ctrs., 5% motor inns; internally managed. Financing: 3.8 leverage; \$129M debt: 65% secured mtg., 22% short, 13% conv. Results: July Q EPS 26¢ after acct. chg. added 8¢ in 9 mos. & 6¢ prepay fee v. 21¢; CFS 28¢ v. 32¢; Nov. div. 25¢ v. 24¢. Shares & Bonds: Buy for income
- #5-FIRST VIRGINIA (8/12/4-Inter. mtg.-Jun FY) CAN END REIT, Self administered. Port: \$94M, 67% nonearning; Mix: (Problems) 38% condos, 21% land, 18% apts.; 37% Virginia, 30% Fla. Financing: 16.7 leverage; \$56M credit to 10/76 at 4% to 125% of prime, Note int. missed. Results: June Q d61¢ v. d62¢; FY d\$4.38 after \$2.03 LRP; SEC probe. Bonds & Shares: Avoid
- #5-FIRST WISCONSIN MT (No review-ST mtg.-Dec FY) Port: \$185M, 97% nonearn, 55% foreclosed; Mix: 28% condos, 29% apts., 24% land; 43% southeast, 29% midwest; Financing: 11.7 leverage, \$144M bank debt @ 1% to 9/76, in renegotiation. Results: June Q EPS d\$1.31 after \$1.10 loss prov. v. d21¢; No 1975 auditor's opinion. Shares: Avoid
- *5-FLATLEY RLTY (4/15/4-Eq&Mtg.-June FY) Port: \$25M, 47% nonearn; 44% foreclosed; Mix: 35% apts., 47% shop. ctrs.; 91% Mass. Holdings: 88% equity, 12% loans. Financing: 3.0 leverage, \$20M debt 70% secured mtgs. Results: June Q EPS 77¢ after 85¢ loss prov. recovery; FY EPS d\$1.66. Shares: Hold pending workout progress, recovery toward book value possible
- 2-FLORIDA GULF (5/14/6-Equity-Apr FY) Port: \$32M, two vacancies caused by Grant liquidation; Mix: 93% shop. ctrs. (strip) 7% offices; all Florida. Financing: 1.1 leverage, \$18M debt secured mtgs. Results: July Q EPS 13¢ v. 19¢ in '75; CFS 32¢; div. 32¢ unch., 57% tax-free; One vacant Grant leased for early '77. Shares: Buy for yield
- *5-FRANKLIN RLTY (7/15/4-Eq&Mtg.-Jun FY) NON-QUAL REIT, mgmt. services. Port: \$45M, high vacancies; Mix: 64% equity, 31% mtgs, 4% jt. vent. Equity: 13 offices midwest & Fla., 5 apts., 2 motels, 1 land tract. Financing: 5.1 leverage; \$39M debt: 47% secured, 40% short, 13% conv. Results: June Q d13¢ v. d15¢; FY EPS d69¢. 9M loans sold. Converts: Hold. Shares: Buyout
- 3-FRASER MTG (11/14/5-ST mtg.-May FY) Port: \$48M, 18% problems; Mix: 15% constr., 17% land, 20% completed projects, 38% long-term; 31% Ohio, 25% Fla. Financing: 2.1 leverage; \$36M debt short term; Results: Aug. Q EPS 25¢ after 3¢ loss prov. v. d4¢ after 19¢ loss prov.; div. 25¢ unch. Shares: Hold for recovery
- 1-GENERAL GROW (5/14/6-Equity-Sep FY) Port: \$234M, 0 problems; Mix: 65% shop. ctrs. (major Midwestern malls), 24% apts., 7% motels. Financing: 4.8 leverage; \$192M debt: 68% secured mtgs. Results: Sep. Q EPS 31¢ v. 27¢; CFS 38¢ v. 35¢; div. 35¢ up 2¢, over 50% tax-free. Shares: Buy longer term growth, unique development ability
- 5-GOULD INVST (3/10/5-Equity-Sep FY) Port: \$43M, 13% nonearning; Holdings: 84% equity, 16% mtgs. Properties- NYC office (19% of port.), 6 apts., 9 shop. ctrs.-strips, 8 restaurants, 7 land leasebacks. Financing: 4.6 leverage; \$36M debt, 87% secured mtgs. Results: June Q CFS 40¢ + 5¢ gain v. d9¢; EPS 33¢ after 10¢ loss prov., 5¢ gain & 49¢ settlement. No div. Shares: Avoid
- 3-GREIT RLTY (8/8/5-Equity-Oct FY) Port: \$40M, 1% nonearning; Mix: 58% shop. ctrs., 31% offices & urban stores, 8% apts., 3% mtgs. Financing: 2.6 leverage; \$27M debt: 97% secured mtgs. Results: July Q EPS 18¢ v. 11¢; CFS 29¢ v. 22¢; Oct. div. 10¢ unch.; Est. under 80¢ EPS in Oct. FY. Shares: Speculative income
- #5-GRT AMER M&I (3/11/4-ST mtg.-Jul FY) NON-QUAL REIT. Self-adm. Port: \$403M, 95% nonearning; Mix: 38% apts., 20% condos, 20% land. Financing: \$53M neg. equity; \$273M credit @ 1% w/contin. inter.; Offer preferred for subor. debt; int. missed. Results: July FY 54¢ after \$4.66 gain & \$4.81 loss prov., Q d66¢; No auditor opn. Shares: Avoid Bonds: Avoid
- 5-GUARDIAN MI (3/12/6-ST mtg.-Feb FY) NON-QUAL REIT. Port.: \$466M, 81% nonearn, 40% foreclosed; Mix: 33% land, 22% condos, 11% apts., 15% hotel/motel. Financing: Neg. equity; \$394M credit w/contingent inter.; offering \$283M swaps; paid subor. inter. June. Results: Aug. Q EPS d\$1.15 after 73¢ loss prov. & 45¢ gain v. d79¢. Bonds: Buyout candidate. Shares: Trading
- 5-GULF MTG&RLY (2/13/6-LT mtg.-Feb FY) NON-QUAL REIT. Port.: \$139M, 68% nonearning; Mix: 30% apts., 21% land, 15% motels, 10% offices; 74% Southeast. Financing: 7.9 leverage; \$89M credit to 11/76 at 4% plus conting. inter. to 125% prime. Results: Aug. Q d77¢ after 27¢ loss prov. v. d47¢. Shares: Avoid. Bonds: Hold for now
- 5-HAMILTON INV (11/12/3-ST mtg.-Dec FY) DENIED NON-REIT PWR. Self-adm. Port: \$116M, 43% nonearn; Mix: 50% apts., 14% condos, 12% offices, 10% shop. ctrs.; 24% Okla., 20% Fla. Financing: 6.6 leverage; \$86M credit @ 3½% or net income w/contingent inter. to 130% prime, forgiven 8/86. Results: Sep. Q EPS d10¢ v. d10¢. Shares: Avoid for now
- 5-HANOVER SQ RL (4/15/4-ST mtg.-Aug FY) Port.: \$45M, 48% nonearn, 15% low-earn; Mix: 60% residential, 20% shop. ctrs., 15% offices, 8% land; 31% Northeast, 27% Mid-Atlantic. Financing: 2.8 leverage, \$30M credit @ 124% prime. Results: May Q EPS d29¢ v. d30¢. Converts: Speculative income buy. Shares: May be held for recovery

RELATIVE APPEAL RANKINGS - continued from page 5

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 5-HEITMAN MTG(11/11/4-ST mtg.-Dec FY) Port.: \$187M, 59% nonearning; Mix: 30% shop. ctrs., 24% condos, 21% offices, 15% apts., 9% hotels; 27% Ill., 16% other Midwest, 19% Cal. Financing: 13.1 leverage; \$125M credit @ 4% w/conting. interest; \$27M swap. Results: June Q EPS 14¢ after 17¢ loss prov. & 25¢ swap gain v. d10¢. Converts: High risk hold. Shares: Avoid
- 5-HNC MTG&RLTY(4/15/4-LT mtg.-Oct FY) NON-REIT. Port.: \$120M, 67% nonearning; 39% foreclosed; Mix: 24% condos, 16% land, 14% apts., 14% offices, 13% hotels, 9% entertainment ctr.; Financing: 7.5 leverage, \$86M credit to 2/78 at 5% with contingent inter. Results: July Q EPS d28¢ after 4¢ loss prov. v. d\$1.03; To swap up to 60%. Converts: Buyout. Shares: Avoid
- 4-HOSPITAL MTG(10/8/6-LT mtg.-Feb FY) Port.: \$35M, 42% nonearning; Mix: 34% medical, 24% land, 19% apts., 17% condos; 2/3 Fla. Financing: 0.4 leverage; \$10M bank debt. Results: Aug. Q 15¢ v. 19¢; div 15¢ unch. Shares: Trading, long recovery.
- 3-HOTEL INVSTR(12/12/5-Eq&Mtg.-Aug FY) Self-adm. Port.: \$81M, 8% nonearn; 47% equity/53% LT mtgs.; Mix: All hotels/motels nationally located; comcl. business travel oriented. Financing: 1.9 leverage; \$52M debt: 25% secured mtg., 43% long-term, 32% conv. Results: Aug. Q d12¢ after 56¢ loss prov. v. 35¢; FY \$1.01; div. 35¢ unch. Shares & Bonds: Buy/hold speculat. income
- 3-HUBBARD REI(4/9/6-Equity-Oct FY) Port.: \$85M, 16% nonearning; caused by Grant vacancies. Mix: All net leased shop. ctrs. & stores except one office; lessees: 20% Safeway, 20% Ashland Oil, 20% Chrysler. Financing: 97% equity. Results: July Q EPS 33¢ v. 31¢; July div. 30¢ unch.; 5 of 11 Grant stores re-leased, others pending. Shares: Fairly priced
- *5-ICM REALTY(6/25/6-Subor. land-Nov FY) Port.: \$109M, 53% non- & low-earn; 31% foreclosed; Mix: 50% apts., 26% shop. ctrs., 15% land, 6% offices; 38% land purch.-leasebacks; Financing: 1.0 leverage; \$53M debt: 45% secured mtgs., 50% bank notes in renegot. for tech. default. Results: Aug. Q EPS 16¢ v. d\$1.07 after \$1.36 loss prov.; Div omitted, none expected soon. Shares: Hold
- 5-IDS REALTY TR(6/10/4-ST mtg.-Jan FY) NON-REIT PWR. Port.: \$321M, 56% nonearning; Mix: 24% shop. ctrs., 28% land, 13% condos. Financing: Negative equity; \$118M credit @ 125% prime (\$50M) & 2% (\$68M); Must repay \$50M by 5/31/77; Subor. debenture holders waived redemption fund. Results: July Q d78¢ v. d\$1.47. Shares: Avoid for now
- 5-INDEPENDENCE MTG(No review-ST mtg.-Jun FY) NON-QUAL REIT. Port.: \$158M, 81% nonearning; Mix: 28% condos; Biggest states: Fla., Texas, Virginia, Ill., Ga. Financing: \$9M neg. equity; \$120M credit low inter. w/conting. inter and 110% collateral; accepted \$21M swaps. Results: June Q d\$4.69 after 55¢ gain v. d19¢; FY d\$8.48. Shares: Avoid
- *5-INDIANA M&R(7/15/4-Eq&Mtg.-Jun FY) Port.: \$82M, 27% non-earn; Mix: (\$45M Mtgs.) 30% residential, 22% apts. & condos, 28% long term.; (\$33M Eq) 35% offices, 33% apts. Financing: 4.7 leverage; \$69M debt; \$43M Two-yr. credit @ 6% + 120% prime contingent. Results: Sep. Q EPS d77¢ v. d40¢. Shares: Hold, tender target
- 5-INSTITUT INV(1/13/6-ST mtg.-Jan FY) NON-QUAL REIT. Self-admin. Port.: \$178M, 67% nonearning; Mix: 27% apts., 27% condos, 13% singles; States: 18% Fla., 10% Cal., 9% Texas. Financing: 2.2 leverage; \$53M credit @ 1% w/conting. inter.; \$11M swap. Results: July Q EPS d78¢ v. d19¢. Bonds: Trading & speculative income. Shares: Trading
- *5-INVESTOR RLTY(8/8/5-Eq&Mtg.-Nov FY) NON-REIT POWER. Port.: \$57M, 15% low earn. Mix: 60% apts., 15% shop. ctrs.; type: 88% owned incl. foreclosures & leasebacks, 12% mtgs. Financing: 2.4 leverage; \$41M debt, 69% secured, \$17M credit extended to 3/78 with restrictions. Results: Aug. Q EPS d11¢ after 4¢ loss prov. v. d22¢; CFS 1¢ v. d7¢. New adviser. Shares: Buy long-term recovery
- 3-JMB REALTY (8/8/5-Eq&Mtg.-Aug. FY) Port.: \$26M, 1% problem; Mix: 49% apts., 17% office, 17% shop. ctrs.; 53% wrap-around mtgs., 18% land leasebacks; Financing: 1.6 leverage; \$6M open lines from banks; Results: May Q EPS 30¢ after 15¢ loss prov. v. 44¢; CFS 36¢ v. 50¢; Aug. Div. 40¢ unchanged. Shares: Hold for speculative yield
- 5-JUSTICE MTG (3/12/6-ST mtg.-Sep FY) VOTED NON-REIT POWER. Port.: \$78M, 93% nonearning; Mix: 31% land, 19% condos; 55% Texas. Financing: 10.0 leverage; \$41M credit to 4/77 @ 2% + contingent inter.; assets pledged. Results: June Q EPS d\$1.38 v. d\$1.15. Bonds: High risk yield, no buyout seen. Shares: Avoid
- 5-KMC MTG INV (5/14/3-ST mtg.-Nov FY) NON-QUAL REIT. Port.: \$34M, 73% nonearning; biggest borrower bankrupt; Mix: 35% apts., 23% land & devel., 19% condo; 58% Kentucky. Financing: 4.4 leverage; Signed \$21.8M two-year term loan at 0.75% over prime; Seeking default waiver. Results: May 6 mo. d\$1.14. Shares: Limited speculative interest
- #5-LMI INVESTORS (2/13/6-ST mtg.-June FY) Port.: \$158M, 86% nonearning; Mix: 25% apts., 16% office, 13% shop. ctrs., 12% condo. Financing: \$1.6M Neg. equity; \$102M revolving credit expired Oct. 14, pending renegotiation; Apr. interest on 6-3/4% subor. debts. paid 2 mon. late. Results: Sep. Q EPS d\$1.34 v. d\$4.07; No auditor's opinion. Bonds: High risk yield. Shares: Avoid
- 5-LINCOLN MTG (12/10/3-Eq&mtg.-Mar FY) Self-admin. Port.: \$29M, 87% nonearn; 79% foreclosed; Mix: 74% apts, 11% one-family & mobiles. Financing: 16.1 leverage; Tentative \$15.5M credit with banks, requiring asset sale over several years. Results: Mar. FY EPS d\$2.26 after 66¢ loss prov.; Mar. Q d\$1.13. Bonds & shares: Avoid till credit signed
- 4-LOMAS & NETTLETON MTG (11/14/5-ST mtg.-June FY) Port.: \$228M, 32% nonearn; 21% foreclosed; Mix: 33% land acq. & devel., 8% single-family; 50% Texas. Financing: 1.1 leverage; Borrows short & long-term from banks. Results: Sep. Q EPS & div. 21¢ v. 20¢; Shares: Limited near-term potential
- 3-M&T MTG INV (12/12/5-ST mtg.-Aug FY) Port.: \$42M, 4% nonearn; 3% foreclosed; Mix: 97% single-family const. & devel., all Texas. Financing: 1.8 leverage; \$27M bank borrowings, partly secured; sponsor provides compensating balances; \$11.1M unfunded commitments.; Results: Aug. Q EPS 25¢, v. 26¢; Div 26¢ unch. + 1¢ extra; FY \$1.05. Shares: Buy for yield
- #5-MARYLAND RLTY (No review-ST mtg.-Nov FY) NON-QUAL REIT. Port.: \$21M, 46% non- & low-earning; Mix: 33% apts., 31% land, 19% condos; All Fla. & Ga. Financing: 1.7 leverage; \$12.6M credit at prime to 11/77; Assets pledged. Results: Aug. Q EPS 2¢ after gain v. d20¢; No auditor's opinion; SEC probe. Shares: Recovery speculation
- 2-MASSMUTUAL MTG (7/9/6-LT mtg.-Oct FY) Port.: \$204M, 12% non- & 4% low-earning; Mix: 33% shop. ctr. & retail, 27% apts.; 77% long-term mtgs. Financing: 1.3 leverage; \$46M borrowed under \$70M bank lines; \$71M subor. convert. debts. Results: July Q EPS 27¢ v. 28¢ after extra. gain offset 40¢ loss prov.; Div 27¢ down 1¢. Converts: Safe yield. Shares: Buy/hold
- 5-MIDLAND MTG (3/12/6-ST mtg.-June FY) CAN END REIT STATUS. Port.: \$116M, 68% non- & low-earning; Mix: 35% apts., 30% condo. Financing: 17.5 leverage; \$80M credit to 9/78 with 3½% cash interest & accrual at 125% of prime; \$22M swap bids. Results: Sep. Q EPS d51¢ v. d\$2.09 after \$1.19 loss prov. Bonds: Speculative yield. Shares: Trading interest
- *5-MILLER HENRY S (8/8/5-Eq&Mtg.-Feb FY) Port.: \$29M, 13% nonearn; 12% foreclosed; Mix: 56% shop. ctrs owned, 23% land; Mostly Tex. Financing: 2.2 leverage incl. mtgs.; \$7.9M bank borrowings under \$12.7M credit at 1% over prime, to June 1, '77; \$12.7M mtgs. on prop. Results: Aug. Q EPS 2¢ after 1¢ cap. gain v. 16¢. May resume div. this yr. Shares: Buy for long-term recovery
- 5-MISSION INV (11/12/3-ST mtg.-Nov FY) INTENDS NON-REIT, Self-adm. Port.: \$37M, 72% nonearning; Mix: 36% land & devel., 26% residential, 39% commercial. Financing: 2.2 leverage; \$21M credit at prime (max 8%) to Nov. 30, '76; Assets pledged. Results: Aug. Q EPS d17¢ after 2¢ loss prov. v. 18¢ aft 29¢ loss recovery. Shares: Trading/ very long recovery

RELATIVE APPEAL RANKING - continued from Page 6

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- 2-MONY MTG INV (7/9/6-LT mtg.-May FY) Port.: \$231M, 8% non- & 4% low-earn; 4% foreclosed; Mix: 37% office, 30% multifamily, 15% shop. ctrs.; 44% LT mtgs.; Making new commitments. Financing: 1.7 leverage; \$115M bank lines at prime; \$56M comcl. paper; Results: Aug. Q EPS 20¢ v. 26¢ aft 3¢ gain; Div. 30¢ incl. cleanup v. 23¢. Convertibles: Safe yield. Shares: Buy for long-term
- 4-MORTGAGE GROWTH (10/8/6-LT mtg.-Nov. FY) Port.: \$41M, 16% nonearning, 56% low-earning; Mix: 60% apts., 22% office; 33% Calif. Financing: 0.5 leverage, \$9.4M 7-3/4% subor. converts held privately & \$4M secured mtgs; Results: Aug. Q EPS 6¢ before 10¢ gain convert. note repurchase, v. 6¢ before 4¢ gain; div. 12¢ unch. Shares: Buy/hold for long-term recovery
- ↑ 5-MTG INV WASHINGTON (6/10/4-ST mtg.-Mar FY) Port.: \$105M, 51% nonearn; 25% foreclosed; Mix: 20% hotel/motel, 14% shop. ctr; 16% condo & townhouse; Financing: 5.2 leverage; \$54M at 11 1/2% of 1/2% over prime, agreed to 3/30/77; No comp. balances. Results: June Q EPS d31¢ after 10¢ loss prov. v. d13¢. Qualified auditor's opinion; SEC probe dormant. Bonds & shares: Avoid
- *5-MTG TRUST OF AMER (8/27/6-ST mtg.-Nov. FY) Port.: \$137M, 58% nonearning; Mix: 20% land & devel., 25% condos, 20% apts.; 17% Calif.; Financing: 1.7 leverage; \$91 1/2M credit lines at full-rate interest; trust suggesting 10% commitment cut to banks. Results: Aug. Q EPS d44¢ after 6¢ loss prov. v. d52¢ after 39¢ loss prov. Shares: Buy/hold for recovery
- #5-NATIONAL MTG (5/14/3--ST mtg.-Feb FY) CAN END REIT STATUS. Port.: \$62M, 77% nonearning; Mix: 30% land, 18% commercial, 15% motels, 15% apts.; Financing: High leverage; \$37M secured credit; default on debenture interest; debenture holders clear settlement plan & voluntary Chap. XI filed. Results: May Q EPS d20¢ with no loss prov. v. d55¢. Shares: Avoid
- 4-NATIONWIDE RE (12/9/4-ST mtg.-Mar FY) Port.: \$41M, 34% non- & low-earning; Mix: 20% medical, 19% condos, 12% one-family; 38% Ohio, 19% Indiana; Financing: Leverage 0.8; Reduced bank lines to \$39M; Results: June Q EPS 3¢ after 2¢ loss prov., v. 3¢; Div 3¢, same; New commit. rising. Convertibles: High yield. Shares: Speculative long-term recovery
- 2-NEW PLAN REALTY (6/11/6-Equity-July FY) Port.: \$19M, 8% non- & low-earning; Mix: 60% shop. ctrs. owned, 24% industrial. Financing: 6.6 leverage; Debt 66% mtgs. on prop., 32% sub. debent. Results: Apr. 9 mo. EPS 76¢ v. d20¢; monthly div 7 1/2¢, unch.; Shares split 2-for-1 May 17; Est. \$1.07 CFS FY'76. Shares: Buy/hold for long term
- #5-NJB PRIME INV (12/10/3-Eq&Mtg.-Nov FY) NON-QUAL REIT. Port.: \$102M, 72% nonearning; Mix: 43 1/2% motor lodges/restaurants, 27 1/2% condos, 13% apts. Financing: \$9M Negative equity; \$59M credit ext. to 4/15/77; Tendering for all debentures at 22; not likely to pay inter. Results: Aug. Q EPS d51¢ after 11¢ loss prov. v. d\$1.27 aft 76¢ LRP. Bonds & shares: Avoid
- 4-NORTH AMER MTG (12/12/5-ST mtg.-Dec FY) Port.: \$165M, 34% non- & 21% low-earn; 30% foreclosures; Mix: 42% apts., 24% condos, 11% land & devel. Financing: 2.0 leverage; \$114 1/2M open bank lines. Results: Sep. Q EPS d36¢ v. d8¢; Div. 5¢ to recordholders 10/29 last from '75 taxable income; Further divs in doubt. Bonds: Safe yield. Shares: Recovery potential
- *5-NORTHWESTERN FIN (12/10/3-LT mtg.-Dec FY) CAN END REIT. Port.: \$51M, 49% nonearn; Mix: 15% apts., 15% office, 14% land, 36% inter-long; 50% N. Carolina. Financing: 1.0 leverage; \$27M revolving credit at 1/2% over prime, expires Aug. 31, '77 Results: June Q EPS d39¢ after 35¢ loss prov. v. d15¢. Shares: Recovery speculation long term
- 3-NORTHWESTERN MUT LF MTG (7/9/6-LT mtg.-Mar FY) Port.: \$259M, 9% non- & 8% low-earn; 11% foreclosed; Mix: 24% office, 23% shop. ctrs., 14% apts.; 56% permanent mtgs. Financing: 1.9 leverage; \$126 1/2M open bank lines; \$40M comcl paper. Results: Sep. Q EPS 19¢ v. 27¢ after 4¢ loss prov.; Div 25¢ unch. Converts: Safe. Shares: Buy LT
- *5-OLD STONE MTG (6/11/3-LT mtg.-Dec FY) Port.: \$32M, 10% nonearning; Mix: 16% shopping center, 16% office & industrial. Financing: 3.1 leverage; \$5M open bank lines at prime, plus \$7 1/2M term loan. Results: June Q EPS d65¢ after 42¢ loss prov. & 14¢ loss on sale, v. d9¢. Tender: Sponsor Old Stone Corp. to offer \$7, 10% convt. pfd. for shares. Shares: Buy/hold
- 5-PACIFIC SOUTHERN (No review-LT mtg.-Mar FY) Self-adm. Port.: \$10M, 33% nonearn; Mix: 61% comcl., 18% condo/townhouse; Plans equity investments. Financing: No borrowings. Results: Mar. Q EPS d52¢ after 68¢ loss prov. v. d39¢; Mar. FY d83¢. Dividend: Paid 15¢ special. Shares: Long-term recovery speculation
- 2-PENNSYLVANIA REIT (5/14/6-Equity-Aug FY) Port.: \$71M, 1% nonearning; Mix: 38% apartments, 36% shopping centers. Financing: 3.2 leverage, nearly all mtgs. on property owned; borrows under \$7 1/2M bank lines. Results: May Q EPS 32¢ v. 24¢; May Q CFS 42¢ v. 32¢; Div 57 1/2¢ semi-annually, unchanged. Shares: Buy/hold long-term for yield & gains
- 5-PLAZA REALTY (8/12/4-Eq&Mtg.-Dec FY) CAN END REIT. Self-adm. Port.: \$36M, 78% nonearn; Mix: 35% apts., 19% unimproved land, 16% shop. ctr.; 37% land leasebacks. Financing: 5.5 leverage, incl. \$15M mtgs.; Negotiating \$9M credit, Interest past due 3/1. Results: June Q EPS d23¢ v. d27¢. Shares: Avoid or trade only
- 3-PNB MTG & RLTY (9/12/5-LT mtg.-Sep FY) Port.: \$122M, 22% nonearning; Mix: 33% LT mtgs., 29% property owned; 37% apts., 26% condos. Financing: 1.8 leverage; \$66M bank lines; \$26M commercial paper. Results: Sep. Q EPS 10¢ v. 13¢ after 6¢ loss prov.; Div. 10¢ unchanged. Shares: Long-term recovery, possible dividend uptick
- 3-PROPERTY CAPITAL (4/9/6-Subor. land-July FY) Port.: \$69M, 9% nonearning; Mix: 41% apts., 25% office, 25% shop. ctrs.; 58% leasebacks, 42% LT mtgs. Financing: 1.7 leverage; Borrows under \$38M bank lines at prime. Results: July Q EPS & div. 30¢, unchanged; July FY EPS \$1.19. Shares: Buy/hold for yield & LT recovery; EPS vulnerable to prime rate rise
- 3-RLTY & MTG OF PACIFIC (RAMPAC) (6/13/5-LT mtg.-Nov. FY) Port.: \$89M, 16% non- & low-earn; Mix: 30% hotel/motel, 15% office, 12% apts.; 45% Calif., 21% Hawaii. Financing: 1.6 leverage; \$22M commercial paper backed by \$24M open lines; \$14 1/2M under \$25M term credit to Nov.'77. Results: Aug. Q EPS 18¢ after 5¢ loss prov. v. 30¢; Div. 24¢ v. 30¢. Converts & shares: Buy/hold
- 2-REIT OF AMERICA (5/14/6-Equity-Nov FY) Port.: \$45M, below 1% nonearning; Mix: 41% shop. ctrs., 27% office, 14% industrial; 45% Calif., 14% Mass.; Expanding key Sacramento center, leasing slower than expected. Financing: 0.3 leverage, all mtg. debt. Results: Aug. Q EPS 25¢ incl. 1¢ gain v. 36¢; Est. lower FY'76 EPS; Div. 35¢ unch. Shares: Buy/hold LT
- 3-REALTY INCOME (9/24/6-Eq&Mtg.-Apr FY) Self-adm. Port.: \$85M, 47% non- & low-earn; 39% foreclosed; Mix: 25% apts., 31% office. Financing: 3.9 leverage; \$14M under \$23 1/2M bank lines at prime; \$20M term at 1 1/2% over prime to '77-80. Results: July Q EPS 1¢ v. d37¢; div. 30¢ v. 15¢; paying tax income in coming qtrs.; selling bank prop. Converts: Yield. Shares: Buy/hold LT
- 3-REALTY REFUND (9/12/5-Inter. mtg.-Jan FY) Port.: \$50M, no problems; Mix: 80% wraparound mtgs., 20% LT mtgs.; 43% apts., 21 1/2% office, 19% industrial. Financing: 1.7 leverage; \$17.2M credit at 1/2% over prime, ending Dec.'79, & \$15M at 1 1/2% over prime ending Aug.'79. Results: July Q EPS & div. up 2% to 53¢. No loss prov. Shares: Hold; EPS sensitive to prime
- 5-REPUBLIC MTG (6/10/4-ST mtg.-Dec FY) VOTING NON-REIT POWER. Port.: \$69M, 80% nonearning; Mix: 27% land acq. & devel., 26% condo, 11 1/2% townhouse. Financing: 3.1 leverage; \$36.7M credit to Dec.'76 at 2% cash plus contingent inter.; Redeemed \$4.6M debentures in April. Results: June Q EPS d85¢ after 67¢ gain & \$1.02 LRP v. d60¢ aft 66¢ gain. Shares: Avoid
- 2-RIVIERE REALTY (1/13/5-Eq&Mtg.-Dec FY) Port.: \$22M, 2% nonearning; Mix: 37% apts., 23% office, 16% motel; 44% D.C. area, 42% Indiana. Financing: 2.4 leverage, mainly mtgs. on property; \$3.5M open line at 1 1/2% over prime. Results: June Q EPS 18¢ v. 11¢; CFS 28¢ v. 18¢; Sep. Div. 25¢ unchanged. Shares: Buy/hold more speculative yield

RELATIVE APPEAL RANKING - continued from page 7

RA--TRUST (Date reviewed-Type-FY) Portfolio size, % problem status & mix; Financing; Latest EPS results, dividends & advice

- *5-SAN FRANCISCO RE (was US LSG) (8/27/6-Eq&Mtg.-Dec FY) Self-adm. Port.: \$67M, 26% nonearn; Mix: 50% office, most bank-occupied; 21% apts. Financing: 1.5 leverage, 60% by mtgs. on prop. Results: Sep. Q EPS 13c after 39c loss prov. & 10c gain v. dlc; CFS 16c v. 11c; Tender: Bass Bros. failed to get 300,000 sh. @ \$7 in June. Shares: Buy/hold; other tenders possible
- *5-SAUL (B.F.) REIT (2/13/6-Eq&Mtg.-Sep FY) CAN END REIT. Port.: \$312M, 16% non- & 38% low-earning; Mix: 29% deliberately acquired prop., 37% foreclosures held for invest., 28% mtgs.; Owned prop. is 41% shop. ctrs., 38% apartments; Financing: 6.2 leverage; \$178M revolver at 1-1/8% over prime + 10% comp. balances thru 3/77; Results: June Q EPS d62c after 15c loss provision v. d45c; Bonds & converts: For yield. Shares: Long-term recovery or buyout
- *5-SECURITY MTG (8/27/6-Inter. Mtg.-Sep FY) CAN END REIT. Port.: \$170M, 45% non- & low earning; Mix: 39% one-family home improvement second mtgs., 45% commercial mtgs., 16% mtgs. on medical facilities; Settlement with servicer of \$28M bankrupt, \$4M loss seen. Financing: 3.1 leverage; \$68M unsecured credit at 120% of prime to Feb. 28, '77; Results: June Q EPS d19c v. d47c. Bonds: Attractive for yield, 7% high-grade speculation. Shares: Trading
- 5-STATE MUTUAL (5/13/4-LT mtg.-Mar. FY) NON-QUAL REIT. Port.: \$120M, 68% nonearn; Mix: 10% condos, 35% apts.; 14% land. Financing: High leverage; \$67M credit expired July 31 & renegotiating for low inter.; Results: Sep. Q d\$1.65 after \$1.13 loss prov. v. d59c. Tender: Banks opposing sponsor proposed tender for notes, converts, shares. Bonds: Buyout. Shares: Risky
- *5-SUMMIT PROP (6/25/6-Equity-Oct FY) Port.: \$51M, 7% nonearning; Mix: 46% shopping centers; has rented one of four closed Grant stores; Financing: 3.4 leverage; \$5M secured bank debt extended to 5/79 @ 2% over prime. Results: July Q EPS d10c after 4c cap. gain v. dlc; CFS d2c before 23c capital gain, v. dlc. Shares: Buy for long-term recovery
- *5-SUTRO MTG INV (10/8/6-ST mtg.-Mar FY) Port.: \$76M, 16% non- & 24% low-earn; 36% foreclosed; Mix: 29% apts., 27% hotel/motel, 16% office; Financing: 1.1 leverage; \$43M credit lines incl. \$5.4M backup lines for commercial paper; Results: Sep. Q EPS 1c after 13c loss prov. v. d8c; Sees FY'77 profit. Converts: Safe yield. Shares: Buy long-term recovery
- #5-TMC MTG INV (12/9/4-ST mtg.-Mar FY) Port.: \$43M, 100% non- & low-earning; Mix: All condos & houses, Fla. & Puerto Rico; Financing: Negative equity; Negot. credit at 1% + conting. inter.; swapped many assets; Results: Mar. FY d\$8.76 before \$4.07 cap. gain on swaps; ASE trading halt; No auditor's opinion. Shares: Avoid till credit pact signed
- 5-TEXAS FIRST MTG (11/12/3-ST mtg.-June FY) NON-QUAL REIT. Self-adm. Port.: \$36M, 75% nonearn; Mix: 56% land, 7% office, 5% warehouse; Financing: 3.0 leverage; \$27M credit at prime to 3/78, max. 8%, 3% pay in cash; assets pledged; Asset swap; Results: Sep. Q EPS d5c v. dlc. Shares: Speculation on Texas land recovery
- #5-TIERCO (was GULF SOUTH) (No review-ST mtg.-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$63M, 84% nonearn; Mix: 41% apts., 18% undevel. land; heavy Okla.; Financing: 10.2 leverage; \$37M credit at 5% minimum inter. plus deferrals, to Dec. '76; initiating swaps. Results: Sep. Q EPS d31c v. d28c after 16c loss prov. Shares: Highly speculative
- 5-TRI-SOUTH MTG (10/14/4-ST mtg.-Dec FY) NON-QUAL REIT. Port.: \$229M, 76% nonearning; Mix: 36% land & devel., 9% apts., 9% condos; 33% foreclosed; 25% Ga., 21% Tex., 18% Fla.; Financing: High leverage; \$154M credit at 4% cash inter., + conting. inter.; Offering \$150M swap, got \$45M bids. Results: June Q EPS d43c v. d50c. Bonds & converts: Buyouts. Shares: Avoid
- #5-UMET TRUST (11/12/3-ST mtg.-Nov FY) NON-QUAL REIT. Self-adm. Port.: \$133M, 46% nonearn; Mix: 23% condos, 21% apts., 18% shop. ctrs., 15% office; Financing: 11.5 leverage; \$89M credit extension sought; one bank suing to recover \$2.8M, Results: Aug. Q EPS d\$1.38 after 66c loss prov. v. d\$2.36 after \$1.55 loss prov. Shares: Avoid till credit set, some prop. recovering
- 3-UNITED REALTY (9/24/6-LT mtg.-Nov FY) Port.: \$85M, 42% non- & low-earning; Mix: 23% GNMA's (pledged), 24% office, 17% apts.; Financing: 0.3 leverage; Pledged GNMA's to repay banks \$15M; Results: Aug. Q EPS 16c after 2c loss prov. v. 16c after 6c loss prov.; Div. 16c v. 15c. Shares: Buy for benefits from gradual problem loan solution
- 5-US BANCORP TRUST (7/15/4-Eq&Mtg.-May FY) Port.: \$64M, 27% nonearn & 12% low; Mix: 45% property owned or under construction, half industrial, half office; Financing: Leverage 3.3; \$31M credit to 12/77, same interest; Results: Aug. Q EPS d41c after \$1.03 loss prov., v. d\$1.28; accruing on \$6M problem loans. Converts: Low but safe yield. Shares: Long term recovery
- 5-US REALTY INV (10/8/6-Eq&Mtg.-Dec FY) NON-QUAL REIT. Port.: \$124M, 20% nonearn & 14% low; Mix: 50% mtgs., 44% owned property, 5% joint ventures; Financing: 6.9 leverage; seeks low rate and swaps on bank debt; Results: June Q EPS d48c after 23c loss prov. v. d30c; CFS d36c v. d19c. Converts: OK for risk income. Shares: Long-term recovery; leverage high
- 5-VIRGINIA RE (8/12/4-Eq&Mtg.-Dec FY) Self-adm. Port.: \$43M, 16% nonearning; Mix: 74% property, 26% mtgs.; Financing: 2.4 leverage most from mtgs. on property; \$8M bank term loan at 3% over prime with \$6M due Dec.31, '76; Results: Sep. Q EPS 11c v. 9c; Intends paying 90% of 1976 taxable income; no quarterly rate. Shares: Long term recovery
- 5-WACHOVIA REALTY (10/14/4-ST mtg.-Aug FY) Port.: \$136M, 70% nonearning; Mix: 20% apts., 17% land & devel., 13% comcl., 13% hotel/motel; Financing: 1.8 leverage; \$85M revolving credit to 7/79 at prime + contingent interest at 125% of prime. Results: Unaudited Aug. FY d\$3.38; Aug. Q d\$1.44 after \$1.08 loss prov. v. d\$1.04. Shares: Very long term recovery
- 5-WALTER REALTY (3/11/4-Eq&Mtg.-July FY) NON-QUAL REIT. Port.: \$53M, 54% nonearn; 50% equity. Mix: 25% industrial, 15% one-family; 15% land, 12% mobile, 12% office; 49% Fla. Financing: 3.1 leverage; Nego. \$24M 2-yr credit @ 117% prime; Results: July Q EPS d\$3.83 after \$3.92 loss prov. v. d28c after 15c loss prov.; FY d\$4.37. Shares: Long recovery
- 1-WASHINGTON REIT (5/14/6-Equity-Dec FY) Port.: \$28M, no nonearning; Mix: All property, 98% in Washington, D.C. area; 68% high-rise apts., 19% shop. ctrs., 13% distrib.-office. Financing: 0.9 leverage, mostly mtg. debt. Results: June Q EPS 43c v. 40c; CFS 48c v. 45c; Sep. div up 13% to 44c from 39c. Shares: Buy for long term growth
- 3-WELLS FARGO MTG (12/12/5-ST mtg.-June FY) Port.: \$178M, 14% non- & 25% low-earning; Mix: 43% apts., 12% development, 7% condo. Financing: 1.9 leverage; Borrows under \$171M open lines backing \$90M commercial paper; New commit. Results: Sep. Q EPS 11c v. 14c after 14c loss prov.; div 12c v. 10c. Shares: Buy/hold for recovery
- 5-WESTERN MTG (6/11/3-ST mtg.-Feb FY) Port.: \$21M, 26% nonearning, 8% partial earning; Mix: 24% land acq. & devel., 20% apts., 15% one-family, 14% office. Financing: 2.0 leverage; \$11M revolver at 1/2% over prime, plus \$2M from banks payable over 2 1/2 yrs. Results: Aug. Q EPS d12c v. d7c. Shares: Trading
- 5-WISCONSIN REI FUND (No review-Equity-Dec FY) NON-QUAL REIT. Self-adm. Port.: \$39M, 10% nonearning; Mix: 86% property, 9% foreclosures, 4% mtgs. Financing: 4.4 leverage, most mtg. debt; \$8M comm. paper. Results: June Q EPS d70c after 6c gain & 69c litigation settlement loss v. d8c after 5c gain; No div. Shares: Speculation on turnaround by new management

REIT STATUS is shown to indicate whether a trust intends paying 90% of taxable earnings as dividends and thus remain qualified for conduit income tax treatment. Three stages in status are shown: VOTING POWER TO END REIT STATUS, when a proposal is pending before shareholders to give trustees discretion over whether to continue to qualify; CAN END REIT STATUS, when shareholders have given trustees power to end qualification; and NON-QUAL REIT, when trustees have ended qualification.